

Demographic Outlook

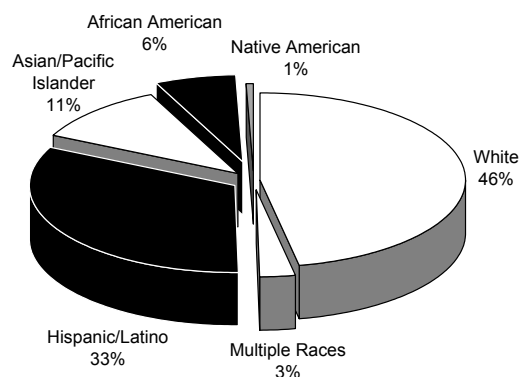
It is with considerable reluctance that this Administration has been forced to set aside the population series used for the 2001-02 Budget Act that for the first time incorporated an undercount factor for hard-to-count population groups. A census undercount results from people who are not found by the census enumerators or people who do not want to be counted. Instead, the 2002-03 Governor's Budget uses population estimates based on the unadjusted series, or the raw census data. The previous adjusted population series, was based on preliminary, undercount data released by the United States Census Bureau (Bureau) in March 2001 for the nation as a whole. However, as explained at the end of this section, the Bureau has since disputed its own data and refused to share information with the states. This refusal has left the State with no practical option but to return to a California population series unadjusted for the undercount, and take the necessary steps to obtain the information that the Bureau has withheld.

Population Overview

At nearly 35 million people as of mid-2001, California's population is the largest and most diverse in the nation. This estimate is lower than the previous 2001 estimate, because it does not include an adjustment for the 2000 census undercount. The State has become a plurality with no majority racial or ethnic group, since the white population is now less than half of the population (see Figure DEM-1).

Figure DEM-1

California's Population in Census 2000



- ❖ The July 1, 2001, *unadjusted* estimate of the population is 34,758,000. It is forecast to be 35,385,000 in 2002 and about 36 million in 2003. This reflects a short-term annual growth rate of 1.8 percent.
- ❖ Through the next five years, the State will grow an average of over 575,000 people each year and become increasingly diverse. The State's growth in the first decade of this century is equally attributable to natural increase (more babies being born than people dying) and net migration (people moving to California from other states and other countries, less those moving out).
- ❖ By July 2006, the State will add nearly 3 million people to reach 37,631,000, a five-year growth rate of 8.3 percent. This is somewhat less than the 8.7 percent overall population growth since 1996.

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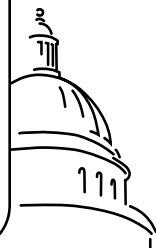
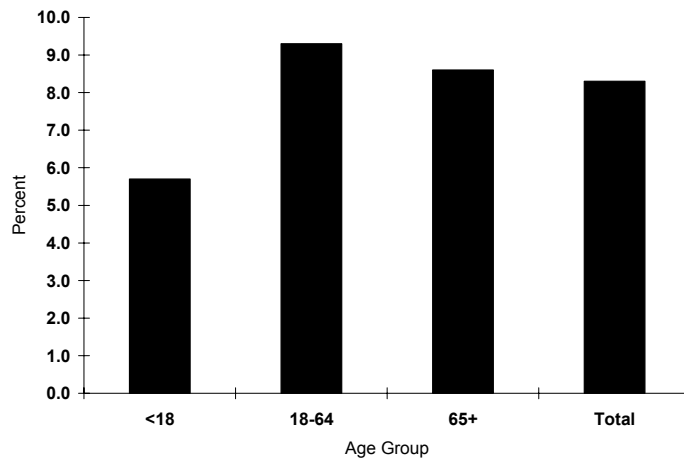


Figure DEM-2

California Projected Population Growth by Age: 2001-06



- ❖ Population growth rates vary significantly by age group. The State's total population growth of 8.3 percent contrasts with 5.7 percent growth in the under-18 group, 9.3 percent growth in the working age group, and 8.6 percent for the older population (see Figure DEM-2). The population in the working ages will increase more than 2 million.
- ❖ In the Fall 2000, K-12 public school enrollment reached nearly 6 million. Starting in 2000 and continuing through the decade, school enrollment growth will be slower than that of the general population, because the number of births in the State declined in the 1990s.

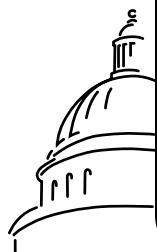
The Undercount Controversy

By necessity, the above trends are based on census data that undercount important segments of the California population. The United States Census

Bureau has refused to release the information needed to assess whether any undercounts have occurred.

California has both policy and fiscal reasons to pursue the use of census data that completely counts its residents. First, demographic data about California should provide the most accurate representation possible of the true population levels and diversity of this great state. Second, the funds available to California from many federal programs are based on the State's share of the national population. If California's population has been disproportionately undercounted, resources that belong in this state are allocated to other states. And finally, State government has many programs, including allocations to cities and counties, which rely on accurate population estimates.

The Census Bureau recognizes the problem. There is no disagreement that previous censuses failed to fully count Blacks, Hispanics, young people, and renters. The Census Bureau itself estimated that the 1990 Census did not count 838,000 or 2.7 percent of California residents. Over the decade, this undercount cost California one seat in the House of Representatives as well as over \$2 billion in federal funds. To address this problem, the Census Bureau implemented a new tool for Census 2000—the Accuracy Coverage and Evaluation (ACE) Survey—to evaluate the census and to estimate the undercount. This independent survey was conducted after the census to



determine both how many people had been enumerated in the census and how many had not.

In late December 2000, the Census Bureau released the unadjusted census enumerations for states (California's raw count was 33,871,648), which the U. S. Supreme Court had ruled must be used for reapportionment. For other uses, however, the Census Bureau publicly committed to releasing a second version of the redistricting file that was adjusted for undercount. In anticipation of this second version, the 2001-02 Governor's Budget estimated the undercount factors for California and its jurisdictions by projecting Census 2000 results based on Census 1990 undercounts.

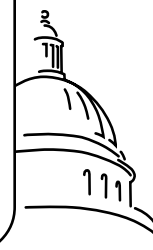
The Census Bureau reconsiders its commitment. In March 2001, the Census Bureau released the full, unadjusted file for California to be used in redistricting (i.e., census data down to the tract and block level) as well as the preliminary ACE Survey undercount rates for the nation. However, state-level adjusted data was not released, because the Bureau wished to further evaluate differences between the new Survey and a traditional measure—a demographic analysis—of census accuracy. Demographic analysis is an accounting tool that uses data on births, deaths, and immigration to estimate the census population. The Bureau committed to making a final decision on census undercount in October after the differences were analyzed. Although the withholding of the state-level data was disappointing, the Department of Finance was able to

use the national undercount rates from the Survey to re-estimate the 2000 census undercount for the May Revision and the 2001 Budget Act.

In October 2001, the Census Bureau announced that both of the census evaluation tools had flaws. The demographic analysis underestimated the national population, and the ACE survey did not identify duplicates that resulted in an overestimate of the population. The Census Bureau concluded that nationally the undercount rate was 0.06 percent—virtually no undercount. The Census Bureau, however, did acknowledge that differential undercounts exist for population sub-groups, but made no effort to provide a method to correct the problem.

The decision hurts California. Despite the Census Bureau finding that there was little undercount in the national data, California is likely to have a significant undercount. Census undercount can be the result of various factors including mobile populations, populations with a distrust of government, or populations residing in unconventional housing, to name a few. The State is home to large numbers of all the population sub-groups who have historically had the highest undercount rates.

- ❖ California contains a larger Black population than any other state in the nation except New York.
- ❖ Nearly one-third of all Hispanics in the nation reside in California.



- ❖ California, with a median age of 33.3 years, is much younger than the nation that has a median age of 35.3.
- ❖ While nationally 34 percent of occupied housing is renter occupied, the percentage is 43 percent in California.

Because California contains large numbers of these population subgroups, the Department of Finance believes there is a significant undercount of California population in Census 2000, despite the Census Bureau's contention of virtually no undercount at the national level.

California pursues full disclosure of census evaluation data. The limited information released to date by the Census Bureau has rendered previous estimates of the undercount invalid, and sufficient information to recalculate the undercount estimate has not been released. Therefore, the State's only

option is to temporarily use the raw census counts as the basis for the population estimates and projections.

Nevertheless, the pressing question of California's census accuracy remains. Equitable distribution of federal funds and the ability to accurately plan for California's diverse population depend on using the most complete population information. For California to determine how significant its undercount is, the Census Bureau must release the estimates of Census 2000 undercount for this State from both the ACE Survey and the Bureau's demographic analysis.

The Department of Finance has therefore made a Freedom of Information Act request of the Census Bureau to provide the information necessary to include an undercount in the population base. When the undercount information is made available, the State's historical estimates and future projections will be revised to reflect the census data that includes estimated undercounts.

